

## SUITE HORIZONS: A NEW DAWN FOR EXTENDED-STAY DEVELOPMENT

Corporate business travel significantly declined, in-person meetings were non-existent, and once dependable weekend sports bookings disappeared.

The Covid 19 pandemic negatively impacted the majority of the tourism industry. Still, a historically quiet, resilient subsector emerged as the preferred destination for the workforce that continued to power our wounded economy: Extended-Stay.

Hotel development has drastically dwindled over the last two years due to supply chain interruptions, elevated supply costs, and most recently, the rising cost of debt. Lodging Economics recently released their Q1 Construction Pipeline Trend Report for the United States, and the 2023 outlook is strong, headlined by extended stay development. Under construction, properties are showing a 4% increase over last year, while projects expected to start in the next 12 months are up 14% at the close of 2022. The beginning of the year has also seen a new high-water mark with projects in the early planning stage at 2,348, an 18% increase YOY.

Marriott and Hilton lead the development count with 1,490 and 1,378 projects, respectively. The extended-stay subsector is leading each of these companies' project counts. Home2 leads not only Hilton but all brand development with 521 projects, including Newport's newest development: Home2 Fayetteville North, opening in Q2 of this year. Towneplace Suites comes in at number two among all brands with 320 projects. While these existing brands continue to expand their footprint, we also see the addition of new extended-stay brands, with Choice launching EVERHOME Suites in 2022 and Gary Delapp, past President and CEO of Woodspring Suites and Extended Stay America, introducing a new independent midscale extended-stay product: StayAPT.

The sun isn't setting on extended stay any time soon. While guests enjoy larger rooms and more residential amenities, owners and operators realize the benefit of trimmed-down labor models and streamlined operating efficiencies resulting in better returns. The future is bright for extended-stay hotels, and Newport is poised to join in its continued success.

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